



PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO  
607 North 8th Street  
BOISE, IDAHO 83702

MINUTES  
OF  
MEETING OF RETIREMENT BOARD

The Board of the Public Employee Retirement System of Idaho met at the Red Lion Hotel in Lewiston, Idaho at 8:30 a.m. June 22, 2000. The following members were present:

Chairman Jody B. Olson  
J. Kirk Sullivan  
Pamela I. Ahrens

Trustees Dennis Johnson and Susan Simmons were absent and excused. Executive Director Alan H. Winkle, Deputy Attorney General Brad Goodsell, Chief Investment Officer Robert Maynard, and the new Deputy Director Ted Aho, were also in attendance. Other persons attending portions of the meeting were:

Doug Dorn  
Dennis Fitzpatrick  
Drew Black  
Brian McGrath  
Eric Lindner  
Geoffrey Lea  
Marcia Barita  
Kathy Tuschhoff  
E. Johnson  
Steve Repp  
Kari Caven  
Ann Marie Patchen

Dorn, Helliesen & Cottle  
D.B. Fitzpatrick & Co.  
D.B. Fitzpatrick & Co  
D.B. Fitzpatrick & Co  
GMAC Commercial Mortgage  
GMAC Commercial Mortgage  
IEA  
City of Lewiston  
Nez Perce County Road  
Professional Firefighters  
PERSI  
Lewiston Independent School District

OLD BUSINESS:

Approval of the Minutes: By motion duly made by Trustee Ahrens, seconded by Trustee Sullivan, the Board unanimously approved the minutes of the May 23, 2000 regular meeting of the Retirement Board as submitted..

## PORTFOLIO

Monthly Portfolio Update: Mr. Maynard reviewed his Investment Report dated June 21, 2000 which showed a total fund return for the month of 4.0%, 13.4% for the fiscal year to date. He noted that PERSI has exceeded or equaled benchmarks in all major asset classes for the fiscal year. Because of recent data indicating economic slowing, the market is now less sure about Federal Reserve tightening, and the markets have rallied over the month. Recently, the growth sectors have been recovering against the value and higher capitalization sectors. The portfolio is performing as expected, given the market conditions. International and global equities continue to drive relative outperformance for the current fiscal year. Brandes and Lend Lease are having very good recent performance, and Columbus Circle and Zesiger are recovering from recent difficult times, although for the fiscal year their relative performance is still very good. TCW international equities continues to outperform.

Monthly Report: Doug Dorn of Dorn, Helliesen & Cottle reviewed the performance report for the period ended May 31, 2000. Mr. Dorn talked about how market diversity has been working in the fund.

Idaho Commercial Mortgage Report – Mr. Maynard and Mr. Dorn provided some background on the Idaho Commercial Mortgage Program (ICMP). Eric Lindner discussed the background of his review of the ICMP, this being the ninth annual review. His report concludes that administration of the ICMP exceeds professional standards, particularly for this region of the country. Geoffrey Lea, of GMAC Commercial Mortgage and an associate of Mr. Lindner, addressed customer satisfaction with the program, noting that it is high. ICMP loans are “with recourse” loans. Currently, the program has no defaulted loans. Loan servicing, which is new, also exceeds professional standards. The average loan now stands at about two million dollars.

Comments from Dennis Fitzpatrick: During discussion of the history of the program, Chairman Olson added some insight into initial motives of program. Mr. Fitzpatrick gave a multimedia presentation on the ICMP, including objectives, performance, attributes, economic outlook, and loan servicing. Brian McGrath gave the presentation on economic outlooks, including state and national trends.

## FISCAL:

Fiscal Update: - Mr. Winkle reviewed the portfolio and administrative reports which had previously been furnished to the Board. We will end the year within budget. Actuarial costs are exceptional due to legislative inquiries.

## EXECUTIVE DIRECTOR

Discussion of Purchase of Service Methodology Using a slide presentation, Executive Director Winkle discussed the implementation of HB 717. Because an exact cost cannot be determined until the member is actually retiring, actually purchasing the service just before retirement is recommended.

Adoption of Temporary and Proposed Rules: By motion duly made by Trustee Sullivan, seconded by Trustee Ahrens and unanimously approved, the Board adopted the purchase of service rules as presented. In a separate motion duly made by Trustee Ahrens, seconded by Trustee Sullivan and unanimously approved, the Board adopted the rules for unused sick leave as presented by PERSI staff.

Status Report: Mr. Winkle had provided a memorandum dated June 15, 2000 regarding on-going projects. He told the Board that Milliman and Robertson has been selected as the successful bidder to conduct the Retiree Medical Study. The selection of the Disability Third-Party Administrator is still pending. William Mercer has been selected as the general consultant for the Defined Contribution Plan Consultant for Gain Sharing: The Request for Proposals for the Record Keeper has not yet been issued. Trustee Ahrens asked who will monitor all these contracts. Mr. Winkle explained that current PERSI staff will integrate the duties into current functions. The Communications Department will monitor the Education contractor while Fiscal will oversee the Record Keeping process. Progress in hiring of staff was discussed.

New Employer: By motion duly made by Trustee Sullivan, seconded by Trustee Ahrens and unanimously approved, the Board welcomed the City of Spirit Lake as a new PERSI employer effective April 1, 2000.

## EXECUTIVE SESSION:

Chairman Olson noted for the record the necessity to hold an executive session to discuss matters exempt from disclosure as provided in Chapter 3, Title 9, Idaho Code and that Idaho Code §67-2345 (1)(d) authorizes the same. By motion duly made by Trustee Ahrens, seconded by Trustee Sullivan and unanimously approved, the Board went into executive session at 11:30 a.m.

After discussion of each disability applicant, the Board went back into regular session at 11:40 a.m. By motion duly made by Trustee Ahrens and seconded by Trustee Sullivan, the Board unanimously approved the disability applications of Dwayne B. Cope, Lani Doremus and Gary Swa with a review in one year; Dean J. Kenison, Betty Ann Morrill and Diana Loomis with no review; and Lynn C. Nokes with a review in two years.

Adjournment: There being no further business to conduct, the meeting was adjourned at 11:41 a.m.

Audience questions: After the meeting, Mr. Winkle answered questions from the audience concerning limits on 457 plans and the new gain sharing program. The issue of employer training was also addressed.

FUTURE BOARD MEETINGS

Tuesday, July 25, 2000, 8:30 a.m., Boise – PERSI office  
Tuesday, August 22, 2000, 8:30 a.m., Boise – PERSI office  
Tuesday, September 26, 2000, 8:30 a.m., Boise – PERSI office

Jody B. Olson  
Chairman

Alan H. Winkle  
Executive Director